

237604

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Palmetto of Richland County LLC for Certificate that the Acquisition of the City of Columbia Sewer Collection System serving portions of unincorporated Richland County is in the Public Interest and for Establishment of a Service Area and Rates and Charges.

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET  
NUMBER: 2012 273 - S

(Please type or print)

Submitted by: John M. S. Hoefer, Esquire

SC Bar Number: 2549

Address: PO Box 8416

Telephone: 803-252-3300

Columbia, South Carolina 29202-8416

Fax: 803-771-2410

Other:

Email: jhoefer@willoughbyhoefer.com

NOTE: This cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda expeditiously

☒ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="radio"/> Electric	<input type="radio"/> Affidavit	<input type="radio"/> Letter	<input type="radio"/> Request	
<input type="radio"/> Electric/Gas	<input type="radio"/> Agreement	<input type="radio"/> Memorandum	<input type="radio"/> Request for Certification	
<input type="radio"/> Electric/Telecommunications	<input type="radio"/> Answer	<input type="radio"/> Motion	<input type="radio"/> Request for Investigation	
<input type="radio"/> Electric/Water	<input type="radio"/> Appellate Review	<input type="radio"/> Objection	<input type="radio"/> Resale Agreement	
<input type="radio"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="radio"/> Petition	<input type="radio"/> Resale Amendment	
<input type="radio"/> Electric/Water/Sewer	<input type="radio"/> Brief	<input type="radio"/> Petition for Reconsideration	<input type="radio"/> Reservation Letter	
<input type="radio"/> Gas	<input type="radio"/> Certificate	<input type="radio"/> Petition for Rulemaking	<input type="radio"/> Response	
<input type="radio"/> Railroad	<input type="radio"/> Comments	<input type="radio"/> Petition for Rule to Show Cause	<input type="radio"/> Response to Discovery	
<input checked="" type="checkbox"/> Sewer	<input type="radio"/> Complaint	<input type="radio"/> Petition to Intervene	<input type="radio"/> Return to Petition	
<input type="radio"/> Telecommunications	<input type="radio"/> Consent Order	<input type="radio"/> Petition to Intervene Out of Time	<input type="radio"/> Stipulation	
<input type="radio"/> Transportation	<input type="radio"/> Discovery	<input type="radio"/> Prefiled Testimony	<input type="radio"/> Subpoena	
<input type="radio"/> Water	<input type="radio"/> Exhibit	<input type="radio"/> Promotion	<input type="radio"/> Tariff	
<input type="radio"/> Water/Sewer	<input type="radio"/> Expedited Consideration	<input type="radio"/> Proposed Order	<input type="radio"/> Other: _____	
<input type="radio"/> Administrative Matter	<input type="radio"/> Interconnection Agreement	<input type="radio"/> Protest		
<input type="radio"/> Other: _____	<input type="radio"/> Interconnection Amendment	<input type="radio"/> Publisher's Affidavit		
	<input type="radio"/> Late-Filed Exhibit	<input type="radio"/> Report		

Print Form

Reset Form

**WILLOUGHBY & HOEFER, P.A.**

ATTORNEYS & COUNSELORS AT LAW

930 RICHLAND STREET

P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY  
JOHN M.S. HOEFER  
RANDOLPH R. LOWELL  
TRACEY C. GREEN  
BENJAMIN P. MUSTIAN  
ELIZABETH ZECK\*  
ELIZABETHANN LOADHOLT FELDER  
CHAD N. JOHNSTON  
JOHN W. ROBERTS

AREA CODE 803  
TELEPHONE 252-3300  
TELECOPIER 256-8062

\*ALSO ADMITTED IN TX

July 6, 2012

**VIA HAND-DELIVERY**

The Honorable Jocelyn D. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29211

RE: Application of Palmetto of Richland County LLC for Certificate that Acquisition  
is in the Public Interest and for establishment of Service Area, Rates and Charges

Dear Mrs. Boyd:

Enclosed for filing are the original and one (1) copy of the Application of Palmetto of Richland County LLC in the above-referenced matter.

By copy of this letter, we are providing a copy of this filing to the Executive Director of ORS in accordance with 26 S.C. Code Regs. 103-504. Also by copy of this letter, and in accordance with R. 103-504, we are providing notice of this filing to the Department of Health and Environmental Control, East Richland County Public Service District, and Richland County. As reflected in the attached application, Palmetto Utilities, Inc. already has notice of the filing and has given its consent to the transaction described in the application.

Also enclosed you will find the Applicant's proposed notice of filing for the purpose of giving such public notice by such means as the Commission may require.

I would appreciate your acknowledging receipt of this Application and Certificate by date-stamping the extra copy that is enclosed and returning it to me via my courier.

The Honorable Jocelyn D. Boyd  
July 6, 2012  
Page 2

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If you have any questions or if you need any additional information, please do not hesitate to contact me. With best regards, I am

Sincerely,

**WILLOUGHBY & HOEFER, P.A.**



John M.S. Hoefer

JMSH/sw

Enclosures

cc: Honorable C. Dukes Scott  
Mr. Jeffrey P. DeBessonnet, PE  
(SCDHEC, without enclosure)  
Mr. Tony McDonald  
(Richland County, without enclosure)  
Mr. Larry Brazzell  
(East Richland County PSD, without enclosure)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO.** \_\_\_\_\_

IN RE: )  
)  
Application of Palmetto of Richland )  
County LLC for a Certificate that )  
the Acquisition of the City of Columbia )  
Sewer Collection System serving portions )  
of unincorporated Richland County is in )  
the Public Interest and for )  
Establishment of a Service Area and )  
Rates and Charges )

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**APPLICATION**

Palmetto of Richland County LLC ("Applicant"), pursuant to S.C. Code Ann. §58-5-210 (1976) and Vol. 26 S.C. Code Ann. Regs. 103-504 and 103-512.4.B (Supp. 2010), hereby applies for (A) a certificate that its acquisition of a portion the City of Columbia sewer collection system serving certain parts of unincorporated Richland County is in the public interest and (B) the establishment of a service area and rates and charges to be imposed upon, and terms and conditions of service to, wastewater customers situated therein. In support thereof, Applicant would respectfully show as follows:

1. Applicant is a Delaware limited liability company which is authorized to do business in South Carolina. A copy of its Certificate of Formation as filed with the Delaware Secretary of State and its authorization to do business in South Carolina as filed with the South



Carolina Secretary of State are attached hereto and incorporated herein by reference as Exhibits “A-1” and “A-2.”<sup>1</sup>

2. The City of Columbia (“City”) is a municipal corporation existing under the laws of South Carolina which is authorized to provide and does provide sewage collection and treatment services within and without its corporate limits.

3. The City currently provides sewerage collection and treatment service in certain parts of unincorporated area of Richland County which comprise the territory subject of the within application. This territory is set forth in the legal description and depicted on the map which are attached hereto and incorporated herein by reference as Exhibits “B-1” and “B-2” (the “Proposed Service Area”). The City’s monthly charges for the 11,370 customers it currently serves in the Proposed Service Area, effective July 1, 2012, are set forth on the document attached hereto and incorporated herein by reference as Exhibit “C.” The City’s current non-recurring charges for persons or entities applying for sewer service in the Proposed Service Area, which include sewer connection and plant expansion components, are also set forth on the document attached hereto and incorporated herein by reference as Exhibit “C.”

4. Applicant and City have entered into an Asset Purchase Agreement dated June 6, 2012 (“Agreement”), whereby Applicant has agreed to purchase, and City has agreed to sell, the collection system serving the City’s customers in the Proposed Service Area. A copy of the Agreement is attached hereto and incorporated herein by reference as Exhibit “D.”

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<sup>1</sup> Applicant’s sole member is Ni South Carolina LLC, which is also the sole member of Palmetto Wastewater Reclamation LLC, which is a jurisdictional public utility providing sewer service in this state. Ni South Carolina LLC is also wholly-owned by Ni America Capital Management, LLC, which is the indirect parent of Palmetto Utilities, Inc., another jurisdictional public utility providing sewer service in this state.

5. The acquisition of the City's collection system by Applicant is conditioned upon, among other things, receipt of approval from this Commission for the acquisition of the City's collection system and the establishment of the Proposed Service Area described and depicted in Exhibits "B-1" and "B-2", respectively, and the monthly service charges and non-recurring charges set forth in Exhibit "C." See Exhibit "D" at p. 14, §7.1(g).

6. If the within Application is granted by this Commission, the wastewater flow from the collection system in the Proposed Service Area will initially continue to be treated at the City's Metro Wastewater Treatment Plant ("WWTP") at the wholesale rate set forth in the Agreement. The Agreement provides that Applicant shall use commercially reasonable efforts to design, permit and construct, within three (3) years from the closing of the acquisition, facilities necessary to disconnect from the City's facilities transporting wastewater flow to the Columbia Metro WWTP the collection system in the Proposed Service Area and send such wastewater flow to the Spears Creek Regional WWTP, which is operated by Palmetto Utilities, Inc., through a sewer force main to be constructed by Applicant which will connect the sewer collection system in the Proposed Service Area to the Spears Creek Regional WWTP, which has a permitted capacity of 12.0 MGD, which is sufficient to handle its current flow and the flow which would eventually be redirected to it from the Proposed Service Area.<sup>2</sup> The Agreement further provides that both prior and subsequent to the redirection of wastewater flow in the Proposed Service Area from the Metro WWTP to the Spears Creek Regional WWTP, the City

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<sup>2</sup> The re-direction of the wastewater flow to the Spears Creek Regional WWTP will require establishment of a bulk rate between Applicant and Palmetto Utilities, Inc., which will be submitted to the Commission for its approval in accordance with 26 S.C. Code Ann. Regs. 103-541 (Supp. 2010).

will provide Applicant with water consumption data for sewage customers in the Proposed Service Area such that Applicant's proposed rates may continue to be based upon customer water consumption.

7. The Proposed Service Area is not presently served by any public utility subject to the jurisdiction of this Commission, although portions of it are within the territory previously assigned to Palmetto Utilities, Inc. by the Commission. Palmetto Utilities, Inc. has acknowledged its acquiescence to the establishment of the Proposed Service Area and limited contractual services in its service area by Applicant by way of a written consent, a copy of which is attached hereto as Exhibit "E."<sup>3</sup> Moreover, no other governmental entity has sewer service facilities in the Proposed Service Area.

8. Applicant requests that it be allowed to provide service in the Proposed Service Area pursuant to the terms, conditions, rates and charges set forth in the rate schedule attached hereto and incorporated herein by reference as Exhibit "F". The monthly service charges and the non-recurring charges for connection and plant expansion set forth in Exhibit "F" are the same as those currently charged by the City of Columbia as required by the Agreement. *Cf.* Exhibit "C", *supra*. See paragraph 5, *supra*.

9. Applicant submits that the public interest will be served by the approval of this Application in several particulars. First, the wastewater flow in the Proposed Service Area is

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<sup>3</sup> Per the terms of said consent, if the Commission approves the within application, Palmetto Utilities, Inc. will no longer be authorized to serve in the Proposed Service Area. Further, and as stated in said consent, Palmetto Utilities, Inc. (a) does not have facilities in the Proposed Service Area capable of serving the customers now served by the City and (b) is willing to permit PRC to serve certain customers outside the Proposed Service Area, who are now served by the City, to be served by PRC under contract. Should the Commission grant the within application, Palmetto Utilities, Inc. will take such other and further action as the Commission deems necessary to document Applicant's right to be the lone public utility providing sewer service in the Proposed Service Area.

currently pumped by the City over a ridge-line, treated at the Metro WWTP, and then discharged into the Congaree River. If the within Application is granted, that wastewater will ultimately be treated and disposed of in the Wateree River drainage basin where it is generated. This is consistent with the watershed based approach to water quality management planning established by the Water Quality Management Plan (2003, as amended) promulgated by the Central Midlands Council of Governments pursuant to the Federal Clean Water Act. *Id.* at ES-2. Second, the right of current customers of the City of Columbia to purchase wastewater treatment service from the City of Columbia is contractual only and they have no recourse with respect to the rates or service provided as the Proposed Service Area is without the municipal limits of the City. See *Sloan v. Conway*, 347 S.C. 324, 555 S.E.2d 684 (2001) (holding that customers outside of municipal limits who are served by a municipal utility have rights only to the extent established by contract absent a legislative directive to the contrary). If the within application is granted, these customers will have (a) the rights accorded to customers of public utilities, (b) recourse to this Commission to enforce such rights and (c) the benefit of the Office of Regulatory Staff's representation of the public interest, all under pertinent statutory and regulatory provisions. Third, the current customers of the City of Columbia will continue to be charged for monthly service at the rate imposed by the City.

10. Attached hereto and incorporated herein by reference as Exhibit "G" is a copy<sup>4</sup> of a letter of credit in the amount of \$350,000 to satisfy the performance bond requirements of S.C. Code Ann. §58-5-720 (Supp. 2011) and 26 S.C. Code Ann. Regs. R. 103-512.4(10).

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<sup>4</sup> The original of this document has been previously delivered to the Office of Regulatory Staff.



11. Attached hereto and incorporated herein by reference as Exhibit "H" is a proposed customer bill form.

12. Applicant requests, pursuant to 26 S.C. Code Ann. Regs. R. 103-803, that the Commission waive compliance with R.103-512.B subsections 3, 4, 5 (only to the extent it contemplates the provision of cost justifications and supporting schedules) 7, 8, 9, 11, and 12 , and R.103-823A.3 of the Commission's rules and regulations as the circumstances of the transaction proposed by Exhibit "D" are believed to be unique<sup>5</sup> and therefore render such a waiver appropriate. Applicant further requests pursuant to R.103-803 that any requirement for a hearing be waived in the event that the Office of Regulatory Staff ("ORS") does not oppose the within application and no intervention in the instant matter is timely filed.

13. All correspondence or communications regarding the within application should be addressed to the undersigned.

WHEREFORE, having fully set forth its Application, Applicant prays that the Commission (i) grant to Applicant a certificate that its acquisition of City's facilities and service territory is in the public interest, (ii) establish the Proposed Service Area as the Applicant's authorized service territory, (iii) establish as Applicant's rates to be charged customers in the Proposed Service Area, and as the terms and conditions of such service, the rates and charges set forth in Exhibit "F", (iv) grant the waivers from compliance with Commission rules and regulations sought

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<sup>5</sup> Applicant is informed and believes that the proposed transfer of a municipal utility system serving the large geographical area and number of customers reflected above to a proposed public utility is unprecedented. Moreover, under the terms of the Applicant's agreement with the City, approval for Applicant to continue charging the current City rates is a term and condition of the transaction that renders analysis of current and proposed rates, revenues, costs, income, expenses, investment, fixed assets, depreciation and depreciation reserve, return on rate base and common equity, unnecessary. Similarly, since the City collection system serving the Proposed Service

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO.** \_\_\_\_\_

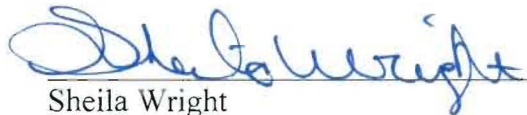
IN RE: )  
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Sewer Collection System serving portions )  
of unincorporated Richland County is in )  
the Public Interest and for )  
Establishment of a Service Area and )  
Rates and Charges )

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**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be mailed this day one (1) copy of the **Application** by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Honorable C. Dukes Scott  
**Office of Regulatory Staff**  
1401 Main Street, Suite 900  
Columbia, SC 29201

  
Sheila Wright

**Columbia, South Carolina**  
**This 6<sup>th</sup> day of July, 2012.**

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
DOCKETING DEPARTMENT  
NOTICE OF FILING**

**DOCKET NO. 2012-\_\_\_\_-S**

**PALMETTO OF RICHLAND COUNTY LLC – APPLICATION FOR CERTIFICATE OF PUBLIC INTEREST TO ACQUIRE A PORTION OF THE CITY OF COLUMBIA SEWER COLLECTION SYSTEM AND ESTABLISHMENT OF RATES AND TERRITORY SERVING AN UNINCORPORATED AREA OF RICHLAND COUNTY**

Pursuant to S.C. Code Ann. § 58-5-210 (1976) and Vol. 26 S.C. Code Ann. Regs. 103-504 and 103-512.4.B (Supp. 2010), Palmetto of Richland County LLC (“PRC”) has filed an Application with the Public Service Commission of South Carolina (“Commission”) for approval of a proposed acquisition by PRC of a portion of the wastewater collection system owned and operated by the City of Columbia (“City”) and establishment of rates and territory in an unincorporated area of Richland County now served by the City system proposed to be acquired.

The proposed service territory, which consists of areas now served by the City or currently not served by any governmental or public utility, consists generally of an area in and near northeast Richland County bounded by S.C. Highway 555 on the west, Rimers Pond Road on the north, Hardscrabble Road on the east, and Two Notch Road and North Brickyard Road on the south. A limited number of customers in an area south of this generally described area along Two Notch Road and Clemson Road, who are currently served by the City, are also proposed to be served by PRC as contract customers. A map and legal description of the proposed service territory is available for viewing at the Commission’s offices at the address shown below.

In support of its Application, PRC asserts, among other things, that the public interest will be served by its acquisition of this collection system because it will promote consistency with the 208 Water Quality Management Plan promulgated by the Central Midlands Council of Governments with respect to wastewater treatment and disposal in the Wateree River drainage basin and will entitle customers to service by a public utility regulated by the Commission. The application provides that City customers in the proposed service area would continue to be charged at the current City rates, which may not be increased unless and until the Commission approves an increase in such rates.

A copy of the Application is on file in the offices of the Public Service Commission of South Carolina, 101 Executive Center Drive, Synergy Business Park, Columbia, South Carolina 29210, the Commission’s website at [www.psc.sc.gov](http://www.psc.sc.gov) and is available from John M.S. Hoefer, Esquire, Willoughby & Hoefer, P.A., Post Office Box 8416, Columbia, South Carolina 29202.

A public hearing, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission at the above address, for the purpose of receiving testimony and other evidence from all interested parties regarding this Application. The time and date of this hearing will be furnished to all interested parties at a later date.

Any person who wishes to testify and present evidence at a hearing concerning these matters should notify, in writing, (1) the Commission’s Docketing Department at the Post Office Box address shown below, (2) the South Carolina Office of Regulatory Staff, Post Office Box 11263, Columbia, South Carolina 29211, and (3) John M. S. Hoefer, Esquire, Willoughby & Hoefer, P.A., Post Office Box 8416, Columbia, South Carolina 29202-8416, on or before \_\_\_\_\_. ***Please refer to Docket No. 2012-\_\_\_\_-S.***

Any person who wishes to participate in this matter, as a Party of Record with the right of cross-examination, should file a Petition to Intervene in accordance with the Commission’s Rules of Practice and Procedure, on or before \_\_\_\_\_, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. ***Please refer to Docket No. 2012-\_\_\_\_-S.***

Any person who wishes to be notified of the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before \_\_\_\_\_. ***Please refer to Docket No. 2012-\_\_\_\_-S.***

**PLEASE TAKE NOTICE:** Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission’s Procedures should contact the Commission in Columbia at 803-896-5100.

Public Service Commission of South Carolina  
Attn: Docketing Department  
Post Office Drawer 11649  
Columbia, SC 29211  
\_\_\_\_\_, 2012

herein, (v) waive any hearing in this matter if no opposition from ORS exists and no intervention is timely filed, and (vi) grant Applicant such other and further relief as the Commission may deem just and proper.



John M. S. Hoefer

Benjamin P. Mustian

**WILLOUGHBY & HOEFER, P.A.**

Post Office Box 8416

Columbia, SC 29202-8416

803-252-3300

[jhoefer@willoughbyhoefer.com](mailto:jhoefer@willoughbyhoefer.com)

[bmustian@willoughbyhoefer.com](mailto:bmustian@willoughbyhoefer.com)

Attorneys for Applicant

Columbia, South Carolina

This 6<sup>th</sup> day of June, 2012

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Area is well-established, engineering plans and specifications, construction permits, and as-built engineering certifications are also not needed.



Exhibit "A-1"

Delaware Certificate of Formation

FROM

(MCN) 3.23'10 13:59/ST. 13:57/NO. 4364937661 2 10

STATE OF DELAWARE  
LIMITED LIABILITY COMPANY  
CERTIFICATE OF FORMATION  
OF  
PALMETTO OF LOWER RICHLAND LLC

This Certificate of Formation of Palmetto of Lower Richland LLC (the "Company") is being duly executed and filed by Michael J. Ashfield as an "authorized person," to form a limited liability company pursuant to the provisions of the Delaware Limited Liability Company Act (6 Del.C. § 18-201, *et seq.*).

FIRST: The name of the limited liability company formed hereby is Palmetto of Lower Richland LLC.

SECOND: The name and address of the registered agent and the registered office for service of process on the Company in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Ste. 400, City of Wilmington, County of New Castle, Delaware, 19808.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation this 20<sup>th</sup> day of August, 2010.

By:   
Michael J. Ashfield, Authorized Person

State of Delaware  
Secretary of State  
Division DE Corporations  
Delivered 03:02 PM 08/23/2010  
FILED 03:02 PM 08/23/2010  
SRV 100855696 MCN4364937661

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 12:44 PM 10/01/2010  
FILED 12:44 PM 10/01/2010  
SRV 100960433 - 4863589 FILE

**CERTIFICATE OF AMENDMENT  
TO THE  
CERTIFICATE OF FORMATION  
OF  
PALMETTO OF LOWER RICHLAND LLC**

Pursuant to the provisions of Section 18-202 of the Limited Liability Company Act of the State of Delaware, Palmetto of Lower Richland LLC, a Delaware limited liability company (the "Company"), does hereby certify:

**FIRST:** The Certificate of Formation of the limited liability company is hereby amended by changing the Article thereof numbered "FIRST" so that, as amended, the Article shall read as follows:

"The name of the limited liability company hereby formed is Palmetto of Richland County LLC".

**SECOND:** That this Certificate of Amendment shall be effective upon the filing hereof.

IN WITNESS WHEREOF, the Company has caused this Certificate of Amendment to be signed by its duly authorized officer, this 27<sup>th</sup> day of September, 2010.

NI SOUTH CAROLINA LLC

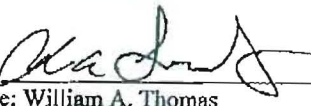
By:   
Name: William A. Thomas  
Title: Vice President

Exhibit “A-2”

South Carolina Authorization to Do Business



# *The State of South Carolina*



*Office of Secretary of State Mark Hammond*

## **Certificate of Authorization**

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

PALMETTO OF RICHLAND COUNTY LLC, A Limited Liability Company duly organized under the laws of the State of DELAWARE, and issued a certificate of authority to transact business in South Carolina on October 28th, 2010, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed a certificate of cancellation as of the date hereof.

Given under my Hand and the Great  
Seal of the State of South Carolina this  
28th day of October, 2010.

  
Mark Hammond, Secretary of State

EXHIBIT

CERTIFIED TO BE A TRUE AND CORRECT COPY  
AS TAKEN FROM AND COMPARED WITH THE  
ORIGINAL ON FILE IN THIS OFFICE



OCI 2# 2010

STATE OF SOUTH CAROLINA  
SECRETARY OF STATE

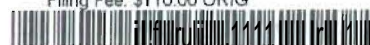
APPLICATION FOR A CERTIFICATE OF AUTHORITY  
BY A FOREIGN LIMITED LIABILITY COMPANY  
TO TRANSACT BUSINESS IN SOUTH CAROLINA

8ECA&TARY OF STATE OF SOUTH CAROLINA

TYPE OR PRINT CLEARLY WITH BLACK INK

The following Foreign Limited Liability Company applies for a Certificate of Authority to Transact Business in South Carolina in accordance with Section 33-44-1002 of the 1976 South Carolina Code of Laws, as amended.

1. The name of the foreign limited liability which complies with Section 33-44-1005 of the 1976 South Carolina Code as amended is Palmetto of Richland County LLC
2. The name of the State or Country under whose law the company is organized is Delaware
3. The street address of the Limited Liability Company's principal office is  
10913 Metronome  
Street Address  
Houston, TX 77043  
City State Zip Code
4. The address of the Limited Liability Company's current designated office in South Carolina is  
1710 Woodcreek Farms Rd.  
Street Address  
Elgin SC 29045  
City State Zip Code
5. The street address of the Limited Liability Company's initial agent for service of process in South Carolina is  
1703 Laurel St.  
Street Address  
Columbia South Carolina 29201  
City State Zip Code  
and the name of the Limited Liability Company's agent for service of process at the address is Carina L. Dunlap  
Corporation Service Company Name By: Carina L. Dunlap Signature Asst. Vice Presiden
6. ☐ Check this box if the duration of the company is for a specified term, and if so, the period specified \_\_\_\_\_



Palmetto of Richland County LLC  
Name of Limited Liability Company


7. ☐ Check this box if the company is manager-managed. If so, list the names and business addresses of each manager

a. \_\_\_\_\_  
Name  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_  
City State Zip Code

b. \_\_\_\_\_  
Name  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_  
City State Zip Code

8. ☐ Check this box if one or more members of the foreign limited liability company are to be liable for the company's debt and obligation under a provision similar to Section 33-44-303(c) of the 1976 South Carolina Code of Laws, as amended.

Date Oct. 21, 2010

  
\_\_\_\_\_  
Signature  
Edward R. Wallace, Sr., President of N1 South Carolina LLC, Sole Member  
\_\_\_\_\_  
Name Capacity

**FILING INSTRUCTIONS**

1. This application must be accompanied by an original certificate of existence not more than 30 days old (or a record of similar import) authenticated by the Secretary of State or other official having custody of the Limited Liability Company records in the state or country under which it is organized.
2. File two copies of these articles, the original and either a duplicate original or a conformed copy.
3. If management of a limited liability company is vested in managers, a manager shall execute this form. If management of a limited liability company is reserved to the members, a member shall execute this form. Specify whether a member or manager is executing this form.
4. This form must be accompanied by the filing fee of \$110.00 payable to the Secretary of State.

Return to: Secretary of State  
P.O. Box 11350  
Columbia, SE 29211

DISAPPROPRIATE FOR A CERTIFICATE OF AUTHORITY BY A FIRM LLC.doc

Form Revised by South Carolina  
Secretary of State, January 2000

Exhibit "B-1"

Proposed Service Area  
Legal Description



**DESCRIPTION OF AREA NOW SERVED BY CITY OF COLUMBIA BUT TO BE INCLUDED IN THE SERVICE AREA OF PALMETTO OF RICHLAND COUNTY LLC**

Beginning at a point on the eastern side of Farrow Road (SC-555) that is formed by the northeastern corner of the intersection of Farrow Road and Hard Scrabble Road and running from that point north along the eastern side of Farrow Road to its intersection with Rimers Pond Road (S-40-1041);

Thence turning and running in an easterly direction from said intersection along the south side of Rimers Pond Road to a point at the northeastern corner of lands N/F of Perfecting Faith Ministries, TMS No. R17700-01-91;

Thence turning and running west along the northern boundary of TMS No. R17700-01-91 to its northwestern corner;

Thence turning and running south along the western boundary of TMS No. R17700-01-91 to its southwestern corner;

Thence turning and running east along the southern boundary of TMS No. R17700-01-91 to its southeastern corner at a point on the south side of Rimers Pond Road;

Thence turning and running in an easterly direction along the south side of Rimers Pond Road to the point that is formed by the northwestern corner of lands N/F Richland School District No. 2, whereon is situated the Blythewood Middle School, TMS No. R20500-05-01;

Thence turning and running in a southerly direction along a line that runs along the western boundary of TMS No. R20500-05-01 to a point forming the southeastern corner of lands N/F Anderson, bearing TMS No. R17700-01-28;

Thence turning and running along the line that is formed by the southern and northern boundaries of TMS Nos. R17700-01-28 and R20500-05-01, respectively, to the southwestern corner of TMS No. R17700-01-28;

Thence turning and running in a southerly direction along the western boundary of TMS No. R20500-05-01 to the point that forms its southwestern corner formed by the southeastern corner of TMS No. R17700-01-30 and is situated on the northern boundary of TMS No. 17715-02-05;

Thence turning and running in an easterly direction along the rear lot lines of the lots situated on the north side of Longtown Road West, which form the southern boundary of TMS No. R20500-05-01, to a point at the northwestern corner of lands N/F of Longcreek Associates, LLC, TMS No. R20500-05-02;

Thence turning and running in a southwesterly direction along the western boundary of TMS No. R20500-05-02 and across Longtown Road West to a point on its Southern side west of its intersection with Overlook Drive;

Thence turning and running west along the southern side of Longtown Road West to its intersection with Overlook Drive;

Thence turning and running in a southerly direction along the line that is formed by the eastern side of Overlook Drive as it runs along the rear lot lines of lots situated on Walnut Wood Trace and the western lot lines of lots situated at the southern tip of the Longtown Estates Subdivision;

Thence turning and running northeast along eastern side of Longtown Estates Subdivision that is formed by the western ROW of Overlook Drive to a point across Longtown Road West on its northern side at or near the southeastern corner of TMS No. R20500-05-02;

Thence turning and running east along the northern side of Longtown Road West to a point on the western side of Longtown Road East at its intersection with Longtown Road West;

Thence turning and running in a northwesterly direction along the western side of Longtown Road East along the eastern boundary of TMS No. R20500-05-01 (Blythewood Middle School) to a point on the south side of Rimer Pond Road at its intersection with Longtown Road East;

Thence turning and running east along the south side of Rimer Pond road to a point at the southeastern corner of its intersection with Hardscrabble Road;

Thence turning and running south along the eastern side of Hardscrabble Road to a point on the south shore of the portion of Lake Carolina which lies west of Hardscrabble Road;

Thence turning and running in a westerly direction along the southern and western shores of Lake Carolina to its confluence with Rice Creek;

Thence turning and running in a westerly direction along the run of Rice Creek, which forms the southern boundary of lands N/F of Cooper, Trustee, TMS No. R20400-01-08 and N/F of Fairways Development, LLC, TMS No. R20406-02-01;

Thence turning and running in a northwesterly direction along the line of Rice Creek as it bisects TMS R. 20406-02-01 and other lands N/F of Fairways Development, LLC, TMS No. R20407-03-01 to a point on its western boundary formed by the eastern ROW of Longtown Road East;

Thence turning and running in a southwesterly direction along the eastern side of Longtown Road East to a point formed by the northern corner of lands N/F of Bookert, TMS No. R20405-01-02;

Thence turning and running in a southeasterly direction along the eastern boundary of TMS No. R20405-01-02 to an existing dirt road (unnamed) that forms a ridgeline that runs in a southwestern and southern line east and south of Longtown Road East;

Thence turning and running in a southwesterly direction along said dirt road / ridgeline across land N/F of Kaiser, TMS No. R20300-02-02 to a point on its western boundary east of lands N/F of Agape Worship Center / Church of God, TMS No. R20300-02-45;

Thence turning and running in a southeasterly direction along common boundary of TMS Nos. R20300-02-02 and R20300-02-45 to a point where it intersects with a dirt road along the northwestern boundary of lands N/F Dial, TMS No. R20300-02-19;

Thence turning and running in a southwesterly direction along the northwestern boundary of TMS No. R20300-02-19 to a point on the northern side of Lee Road;

Thence turning and running across Lee Road and then east along the southern ROW of Lee Road to its intersection with Hard Scrabble Road (S-40-83);

Thence turning and running south along the western ROW of Hardscrabble Road to a point south of its intersection with Marchbank Road at or near the southeastern corner of land N/F of Wu & Tom, LLC, TMS No. R20212-02-59;

Thence turning and running east across Hardscrabble Road to a point at the southwestern corner of land N/F FTC Properties, LLC, TMS No. R20212-07-07, and from that point continuing to run east along a line formed by the southern boundaries of TMS No. R20212-07-07 and land N/F of Hardscrabble Apartments Associates, LLC, TMS No. R20212-07-05, to a point on the western boundary of land N/F Zalkin, TMS No. R20200-02-11;

Thence turning and running north along western boundary of TMS No. R20200-02-11 to the point that is the northwestern corner of TMS No. R20200-02-11 on the south side of Elders Pond Road;

Thence turning and running in a northeasterly direction across Elders Pond Road to a point that is the southwestern corner of land N/F Samuel, TMS No. R20313-04-20;

Thence turning and running in a northwesterly direction along the rear lot lines of lots situated on the western side of Kendrick Road to the northwestern corner of the lot situated at 213 Kendrick Road, TMS No. R20313-04-05;

Thence turning and running southeast along the northern boundary of TMS No. R20313-04-05 to a point on the western side of Kendrick Road;

Thence turning and running northeast along the north side of Kendrick Road to the point formed by the southeastern corner of land N/F Davis, TMS No. R20314-08-54;



Thence turning and running north along a line formed by the western boundary of TMS No. R20314-08-54 and the rear lot lines of lots situated on the western side of the cul-de-sac that is the northern terminus of Blue Heron Road;

Thence turning and running east along the rear lot lines of the lots situated on the cul-de-sacs forming the northern termini of Blue Heron Road and Kendrick Road to a point on the eastern side of Glen Knoll Drive near its intersection with Brushwood Court that is opposite from the northeastern corner of land N/F Davis, TMS No. R20314-05-11;

Thence turning and running north along the eastern side of Glen Knoll Drive to its intersection with Rolling Knoll Drive;

Thence turning and running in an easterly direction along the south side of Rolling Knoll Drive to a point that is opposite the southeastern corner of land N/F JNW Investments, LLC, TMS No. R23100-01-22 (a/k/a Birch Park);

Thence turning and running in southeasterly direction along the rear lot lines of lots situated in cul-de-sacs forming the eastern termini of Edgecliff Way and Faircrest Way to a point on the common boundary line of lands N/F of Mickle, TMS No. R23102-09-48 and N/F of Settles, TMS No. R23102-09-56;

Thence turning and running in an easterly direction along a line to a point on the west side of May Oak Circle that is formed by boundaries of lands N/F of Jenkins and Williams, TMS No. R23102-09-51 and of Mays, TMS No. R 23102-09-50;

Thence turning and running east across May Oak Circle and from there following a line that runs in an easterly and southeasterly direction that is formed by the rear lot lines of lots situated on Dunoon Court and the rear lot lines of lots situated on Crest Haven Drive to a point on the rear lot line of land N/F of Dukes, TMS No. R 23102-02-25;

Thence turning and running in a northeasterly direction along the rear lot lines of lots situated on the north side of Brickingham Way to a point in the northern corner of lands N/F of Biggins, TMS No. R32102-02-35;

Thence turning and running in a southeasterly direction along a line formed by the rear lot lines of lots situated on the eastern side of Brickingham Way and Castle Ridge Drive to a point in a utility right-of-way;

Thence turning and running in a southwesterly direction along a line formed by the rear lot lines of lots situated on the southwestern side of Curvewood Road and the western boundary of land N/F of Richland County Recreation Commission (North Springs Park), TMS No. R23000-03-03, to a point on the northern side of Clemson Road;

Thence turning and running along the northern side of Clemson Road to the southeastern corner of land N/F Richland County School District No. 2 (Summit Parkway Middle School), TMS No. R 2300-03-02;

Thence turning and running north along the eastern boundary of TMS No. R 2300-03-02 to its northeastern corner that is bounded by land N/F of SNH/LTA Properties Trust, TMS No. R23000-03-20;

Thence turning and running in a northeasterly direction along the southern and southeastern boundary of TMS No. R23000-03-20 and across Summit Parkway to a point on its eastern side opposite Summit Centre Drive on land N/F Richland County School District No. 2 (North Springs Elementary School Complex), TMS No. R23011-01-01;

Thence turning and running north along Summit Parkway to the northwestern corner of TMS No. R23011-01-01;

Thence turning and running in a southeasterly direction along the northern boundary of TMS No. R23011-01-01 to its northeastern corner on the west side of Rhame Road;

Thence turning and running in a southwesterly direction on the western side of Rhame Road to the southeastern corner of TMS No. R23011-01-01;

Thence turning and running in a northwesterly direction along the southern boundary of TMS No. R23011-01-01 to its southwestern corner on the eastern side of Summit Parkway;

Thence turning and running in a southerly direction along the eastern side of Summit Parkway to the eastern corner of its intersection with Clemson Road;

Thence turning and running in a southeasterly direction along the eastern side of Clemson Road to eastern corner of its intersection with Rhame Road;

Thence turning and running in a northeasterly direction along the eastern side of Rhame Road to a point at the northwestern corner of land N/F Family Worship Center Church of God in Christ, Trustees, TMS No. R23010-08-31;

Thence turning and running east and southeast along the northern and northeastern boundaries of TMS No. R23010-08-31 to the point where they intersect with the northwestern corner of land N/F of Conroy, TMS No. R23010-08-16;

Thence turning and running in a northeasterly direction along the rear lot lines of TMS No. R23010-08-16 and land N/F of Williams, TMS No. R23010-08-15 to the northern corner of TMS No. R23010-08-15;



Thence turning and running south along the rear lot lines of lots on the western side of North Crossing Drive to a point on the northern boundary of land N/F of Fisher, TMS No. R23010-08-29;

Thence turning and running in a northeasterly direction along the northern boundary of TMS No. R23010-08-29 and lands N/F of Stewart, TMS No. R23010-08-30 to a point on the west side of North Crossing Drive;

Thence turning and running south along the eastern boundary of TMS No. R23010-08-30 and the western side of North Crossing Drive to a point at or near its intersection with Tamara Way and east of the northwestern corner of land N/F Laidlaw, TMS No. R23010-10-11;

Thence turning and running in a northeasterly direction across North Crossing Drive and along the northern boundary of TMS No. R23010-10-11 to its northeastern corner;

Thence turning and running south and southwest along the rear lot lines of lots situated on the eastern side of North Crossing Drive, Blue Bill Court and North Crossing Drive to a point in the southwest corner of land N/F of Anderson, TMS No. R23009-05-28;

Thence turning and running southwest and west along the rear lot lines of lots situated on the southern termini of Tamara Way, Pintail Lane and North Crossing Court to the northwestern corner of land N/F of Bryson, TMS No. R23009-05-03 at or near the eastern side of Rhame Road;

Thence turning and running in a southwesterly direction across Clemson Road to the southern side of North Springs Road, and thence along the eastern side of North Springs Road to a point at the northern corner of land N/F Moon, TMS No. R22907-06-05;

Thence turning and running in a southeasterly direction along the rear lot lines of lots situated on the northeastern side of Bradford Lane and Bradford Ridge Lane to a point at the southeastern corner of land N/F Austin, TMS No. R22910-01-10;

Thence turning and running in a southwesterly direction along the rear lot lines of lots situated on the southeastern side of Bradford Ridge Lane, Bradford Ridge Court, and Westport Court to the southern corner of land N/F Klein on eastern side of Risdon Way, TMS No. R22906-02-14;

Thence turning and running in a southeasterly direction along the eastern side of Risdon Way to a point on the eastern side of its southern terminus near the northwestern corner of land N/F Nordberg Transco, Inc., TMS No. R22910-01-02;

Thence continuing in a southeasterly direction along the western boundary of TMS No. R22910-01-02, parallel to Metso Way, to the southern corner of TMS No. R22910-01-02;

Thence turning and running in a southeasterly direction along the eastern boundary of TMS No. R22910-01-02 and Metso Way, across a railroad right of way to a point in the northern corner of land N/F Risdon Retail, LLC, TMS No. R22909-04-02;

Thence continuing in a southeasterly direction along the eastern boundary of TMS No. R22909-04-02 to a point in its eastern corner on the northern side of Two Notch Road;

Thence turning and running in a southeasterly direction across Risdon Way in a line to a point on the northern side of Two Notch Road at or near 10140 Two Notch Road;

Thence turning and running west along the northern side of Two Notch Road to the southern corner of its intersection with North Brickyard Road;

Thence turning and running along the southern side of North Brickyard Road to the eastern corner of land N/F Heineman, TMS No. R200016-03-01;

Thence turning and running south along the rear lot lines of lots situated on the eastern side of Bee Ridge Road to the southeastern corner of land N/F of Listrom, TMS No. R200016-03-03;

Thence turning and running west along the southern boundary of R200016-03-03 to its western corner at Bee Ridge Road;

Thence turning and running southwest along the southern side of Bee Ridge Road to the southernmost corner of land N/F Ross, TMS No. R20016-01-07;

Thence turning and running north along the rear lot lines of lots situated on the western side of Westbranch road to a point on the southern side of North Brickyard Road;

Thence turning and running west along the southern side of North Brickyard Road to the eastern corner of land N/F Jones, TMS No. R20106-01-18;

Thence turning and running south along the eastern boundary of TMS No. R20106-01-18 and the rear lot lines of lots situated on the cul-de-sac forming the eastern terminus of Rockingham Court and lots situated on the eastern and southern sides of Rockingham Road to a point at the western corner of land N/F of Bell, TMS No. R 20101-01-22;

Thence turning and running north along the rear lot lines of lots situated on the western side of Flora Drive to the southern corner of land N/F Caldwell, TMS No. R 20101-01-17;

Thence turning and running northwest along the rear lot lines of lots situated on the southwestern side of Flora Circle and the southern boundary of land N/F Porter, TMS No. R 20101-01-11 to the westernmost corner of TMS No. R 20101-01-11;

Thence turning and running west and north along the southern and western sides of Chaunticleer Road to the southern corner of land N/F McMaster, TMS No. R 20102-06-08;

Thence turning and running north along the side and rear lot lines of TMS No. R 20102-06-08 and the rear lot lines of lots situated on the western sides of cul-de-sacs forming the western termini of Southwark Circle and Rockingham Road to a point on the south side of North Brickyard Road;

Thence turning and running west along North Brickyard Road to the southeastern corner of its intersection with Hard Scrabble Road (S-40-83);

Thence turning and running in a southwesterly direction along south side of Hard Scrabble Road to the southeastern corner of its intersection with Farrow Road;

Thence turning and running north along the eastern side of Farrow Road to the northeastern corner of its intersection with Farrow Road, which is the point of beginning.

**NOTE:**

**In addition to the territory described above, Palmetto of Richland County LLC will also be serving certain customers that are currently, and in the future will be, located in service territory assigned to Palmetto Utilities, Inc. A list of these customer locations where service will be provided by contract incorporating all terms and conditions of service as set out in Exhibit "C" to the application, is attached hereto and incorporated herein by reference as Appendix 1.**

APPENDIX 1 TO EXHIBIT B-1

**CITY OF COLUMBIA CUSTOMER LOCATIONS OUTSIDE PROPOSED SERVICE AREA TO BE SERVED BY  
PALMETTO OF RICHLAND COUNTY LLC BY AGREEMENT**

1. 10250 Two Notch Road
2. 10019 Two Notch Road (two customers)
3. 146 Fore Avenue
4. 217 Burmaster Drive
5. 797 Old Clemson Road
6. 777 Old Clemson Road
7. 751 Old Clemson Road
9. 745 Old Clemson Road
10. 750 Old Clemson Road
11. 740 Old Clemson Road
12. 720 Clemson Road
13. 680 Clemson Road
14. 610 Clemson Road
15. 1 Quality Court
16. 500 Clemson Road
17. 520 Clemson Road
18. 521 Clemson Road
19. 531 Clemson Road
20. 533 Clemson Road
21. 535 Clemson Road
22. 537 Clemson Road
23. 539 Clemson Road
24. 541 Clemson Road